



HOUSE OF REPRESENTATIVES

HB 2643

PSPRS; CORP; EORP; administration changes

Prime Sponsor: Representative Olson, LD 25

DPA Committee on Government and Higher Education

X Caucus and COW

House Engrossed

OVERVIEW

HB 2643 clarifies the alternate contribution rate (ACR) paid by the Public Safety Personnel Retirement System (PSPRS) or the Corrections Officer Retirement Plan (CORP) employer for retirees who return to work.

PROVISIONS

1. Specifies that the ACR paid by a PSPRS or CORP employer on behalf of a retired member who returns to work is equal to the portion of the *individual employer's* total required contribution applied to the amortization of the unfunded actuarial accrued liability for the Fiscal Year (FY).
2. Stipulates that a PSPRS member who retires having met all the qualifications for retirement and who subsequently becomes an elected official is not considered reemployed by the same employer.
3. Makes technical and conforming changes.

AMENDMENTS IN GOVERNMENT AND HIGHER EDUCATION

Specifies a member of CORP that retires and subsequently becomes elected is also not considered reemployed by the same employer.

CURRENT LAW

The ACR paid by a PSPRS or CORP employer on behalf of a retired member who returns to work is equal to the portion of the total required contribution applied to the amortization of the unfunded actuarial accrued liability for the FY beginning July 1, based on the fund's actuary's calculation of the total required contribution for the preceding FY ending June 30. The ACR must be applied to the compensation, gross salary or contract fee of a retired member. For PSPRS, the ACR is prohibited from being less than 8% in any FY and for CORP, the ACR is prohibited from being less than 6% in any FY (A.R.S. §§ [38-843.05](#) and [38-891.01](#)).

PSPRS and CORP are "agent multiple-employer" plans where employers pool assets for investment purposes but retain their own individual obligations (liabilities). Actual funded status and employer rates vary across the plan.

If a retired member becomes reemployed in any capacity by the employer from which the member retired before one year from the date of retirement or in the same position at any time following retirement the following apply, with exceptions: 1) within 10 days after the retired member is reemployed, the local board must advise the retirement system in writing of the reemployment; 2) the retirement system may not make pension payment during the period of

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reemployment; and 3) employee contributions may not be made on the retired member's account or any service be credited during the period of reemployment and the employer must pay the ACR specified ([A.R.S. 38-849](#)).